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LOUISIANA CENTER FOR LAW AND CIVIC EDUCATION, INC.
BATON ROUGE, LOUISIANA

FINANCIAL STATEMENTS

For the Year Ended December 31, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

7/15/09

THOMAS, WILSON, RAGUSA, UFFMAN & CO.

**CERTIFIED PUBLIC ACCOUNTANTS
BATON ROUGE, LOUISIANA**

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THOMAS, WILSON, RAGUSA, UFFMAN & CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Louisiana Center for Law and Civic Education, Inc.
Baton Rouge, Louisiana

We have audited the accompanying statement of financial position of the Louisiana Center for Law and Civic Education, Inc. (a non-profit organization) as of December 31, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Center for Law and Civic Education, Inc. as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of revenues and expenses by funding source on page eight is presented for purposes of additional analysis and is not a required part of the financial statements of the Center. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2009, on our consideration of the Louisiana Center for Law and Civic Education, Inc.'s internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Thomas, Wilson, Ragusa, Uffman & Co. CPAs

Baton Rouge, Louisiana
June 24, 2009

LOUISIANA CENTER FOR LAW AND CIVIC EDUCATION, INC.
BATON ROUGE, LOUISIANASTATEMENT OF FINANCIAL POSITION
December 31, 2007ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 82,550
Investments	13,320
Grant Receivable	100,000
TOTAL CURRENT ASSETS	<u>195,870</u>

PROPERTY AND EQUIPMENT:

Office Equipment and Library Materials	44,053
Less Accumulated Depreciation	<u>(42,866)</u>

NET PROPERTY AND EQUIPMENT 1,187

TOTAL ASSETS \$ 197,057

LIABILITIES AND NET ASSETS

LIABILITIES:

Accrued expenses	\$ 1,572
Grant Funds to be Returned	<u>13,801</u>

TOTAL LIABILITIES (ALL CURRENT) 15,373

NET ASSETS

Unrestricted	86,857
Temporarily Restricted	81,507
Permanently Restricted	13,320
TOTAL NET ASSETS	<u>181,684</u>

TOTAL LIABILITIES AND NET ASSETS \$ 197,057

The accompanying notes are an integral part of these financial statements.

THOMAS, WILSON, RAGUSA, UFFMAN & CO.

LOUISIANA CENTER FOR LAW AND CIVIC EDUCATION, INC.
BATON ROUGE, LOUISIANA

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<u>REVENUES AND OTHER SUPPORT</u>				
Grants in Aid - Private Sources	\$ 70,880	\$ -	\$ -	\$ 70,880
Federal and State Assistance	120,000	-	-	120,000
Registration Fees, Contributions & Other	14,624	-	-	14,624
Investment Income	2,466	-	-	2,466
Contributions In-kind	7,092	-	-	7,092
Net Assets Released from Restrictions	32,634	(32,634)	-	-
Total Revenues and Other Support	247,696	(32,634)	-	215,062
<u>EXPENSES</u>				
Education Programs	61,746	-	-	61,746
Management and General	118,384	-	-	118,384
Fundraising	1,976	-	-	1,976
Total Expenses and Losses	182,106	-	-	182,106
CHANGE IN NET ASSETS	65,590	(32,634)	-	32,956
<u>NET ASSETS AT BEGINNING OF YEAR</u>				
<u>AS RESTATED</u>	20,307	114,141	13,320	147,768
Prior Period Adjustment	960	-	-	960
<u>NET ASSETS AT END OF YEAR</u>	\$ 86,857	\$ 81,507	\$ 13,320	\$ 181,684

The accompanying notes are an integral part of these financial statements.

THOMAS, WILSON, RAGUSA, UFFMAN & CO.

LOUISIANA CENTER FOR LAW AND CIVIC EDUCATION, INC.
BATON ROUGE, LOUISIANASTATEMENT OF CASH FLOWS
For the Year Ended December 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 32,956
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	678
Prior Period Adjustment - Void Checks	960
Increase in Grants Receivable	(100,000)
Decrease in Employee Receivable	155
Decrease in Accrued Expenses	(1,440)
Increase in Grant Funds to be Returned	<u>13,801</u>
Net provided by operating activities; net change in cash	(52,890)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>135,440</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 82,550</u>

The accompanying notes are an integral part of these financial statements.

THOMAS, WILSON, RAGUSA, UFFMAN & CO.

LOUISIANA CENTER FOR LAW AND CIVIC EDUCATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS -I-
December 31, 2007

1. Nature of Operations and Significant Accounting Policies

Nature of Operations

The Louisiana Center for Law and Civic Education, Inc. (the Center) was organized to institutionalize law-related curricula in Louisiana schools, the justice system, and the broader community; to serve as a centralized office and support network for existing and developing law-related education programs in the State of Louisiana; to provide a permanent law-related education organization for sharing common resources statewide; to conduct awareness seminars on law-related education for teachers, administrators, and community members; and to develop law-related education teaching materials. Funding for the Center's operations is provided from federal, state and private grants, fundraising activities, contributions and participant fees.

Basis of Accounting and Reporting

The financial statements of the Center have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when they are earned and expenses when they are incurred.

Basis of Presentation

In accordance with SFAS No. 117, *Financial Statements of Not for Profit Organizations*, the Center reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The Center reports contributions of cash and other assets as restricted support if they are received with donor or grantor stipulations that limit the use of the donated or granted assets. When a donor or grantor restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If the temporary restriction is met for the entire amount of the funds received during the year the funds were received, the amounts have been classified as unrestricted net assets and reported the unrestricted column in the statement of activities.

Endowment contributions are permanently restricted by the donor. Interest earnings available for distribution are recorded in unrestricted net assets.

To ensure observance of limitations and restrictions placed on the uses of resources available to the Center, the accounting system is organized and operated on a fund basis. The financial statements of the individual funds have been presented on a combined basis, separated into unrestricted, temporarily restricted, and permanently restricted.

Office Equipment & Library Materials

Office equipment and library materials are recorded at cost. Item donated to the Center are recorded at estimated fair market value at the date of donation. Depreciation is provided over the estimated useful lives of exhaustible assets (5-7 years) on a straight-line basis.

Income Taxes

The Center is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code.

LOUISIANA CENTER FOR LAW AND CIVIC EDUCATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS -2-
December 31, 2007

1. Nature of Operations and Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Center considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash includes temporarily restricted cash of \$95,308.

Investments

Investments consist of non-negotiable certificates of deposit and are carried at cost, which approximates fair value. The use of the principal of these investments is restricted.

2. Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2007 included those net assets obtained from the following funding sources:

LA Judicial Excellence	\$ 43,461
TPAL	2,942
Cy-Pres Funds	35,000
Youth for Justice	104
	<u>\$ 81,507</u>

Net assets were released from grantor restrictions during the year by incurring expenses satisfying the purpose specified by grantors as follows:

IOLTA	\$ 4,144
Center for Civic Education	13,627
LA Judicial Excellence	14,431
Savings Account - Endowment Interest	432
Total restrictions released	<u>\$ 32,634</u>

3. Contributed Services and Facilities

As a means of providing law and civic education, the Center solicits volunteer services from attorneys, judges, and physicians for classroom instruction. The value of these contributed services, based on average fair market hourly rates for these professionals, was approximately \$7,000 for the year ended 2007. These contributions are not recognized in the statements of activities, as they do not meet the criteria for recognition.

LOUISIANA CENTER FOR LAW AND CIVIC EDUCATION, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS -3-
December 31, 2007

3. Contributed Services and Facilities (continued)

The Board of Directors is a voluntary board; no compensation is paid to its members.

The Center receives in-kind contributions of gratuitous rent and facilities usage. The fair market values of the occupied space and facilities are recorded as both contributions and expenses under management and general expenses in the amount of \$4,662 for 2007.

The Center receives in-kind contributions of gratuitous lease of a copy machine. The fair market value of the copy machine lease has been recorded as both contributions and expenses under management and general expenses in the amount of \$2,430 for 2007.

4. Leases

During the aftermath of hurricane Katrina in 2005, the Center relocated to Baton Rouge for an indefinite period of time. Rent paid to the Baton Rouge Bar Association totaled \$3,600 for 2007. The lease payment is \$300 per month and the term is month to month. Subsequent to year end, this lease was terminated effective April 30, 2008 when the Center closed the Baton Rouge office and returned to the New Orleans office.

5. Concentrations

Grants and appropriations from private foundations and governmental agencies have historically comprised a significant portion of the Center's total revenues. Generally, these grants and appropriations provide funding on an annual basis, with no formal commitment for continued funding. Continuation of operations depends on funding from these sources.

6. Related Party Transactions

The Center is affiliated with the Louisiana State Bar Association (the Association) by way of common management and board members. The Center's operations are conducted by employees of the Association, who work exclusively on matters of the Center. The Center pays the Association monthly fees to cover all payroll cost and benefits for those employees as well as certain overhead expenses. Amounts paid for the years ended December 31, 2007 was approximately \$89,000. The Association also provided the gratuitous rent of facilities usage as discussed in Note 3.

7. Endowed Assets

The Center's Endowment Fund (the Fund) was created through individual private donations. The Fund's assets consist of primarily a certificate of deposit with a local bank. Interest earning of the Fund are to be utilized at the discretion of the Board of Directors. The principal investment of this fund is permanently restricted.

The carrying amount of the investment of \$13,320 at December 31, 2007, is its cost, which approximates fair value.

8. Prior Period Adjustment

An adjustment has been made to void \$960 in old outstanding checks. This correction increased unrestricted net assets at January 1, 2007 by \$960.

9. Return of Grant Revenues

Subsequent to year end, it was determined that \$13,801 in temporarily restricted revenue from the Center for Civic Education was not used within the appropriate time specified by the grant. Current year grant revenues have been reduced by this amount and a liability has been established. As of the date of these financial statements, this amount has been repaid to the granting agency.

LOUISIANA CENTER FOR LAW AND CIVIC EDUCATION, INC.
BATON ROUGE, LOUISIANA

SCHEDULE OF REVENUES AND EXPENSES BY FUNDING SOURCE
For the Year Ended December 31, 2007

	General	Endowment Fund	IOLTA	Center for Civic Education
REVENUES				
Grants in Aid-Private Sources	\$ -	\$ -	\$ 36,000	\$ 30,880
Federal and State Assistance	100,000	-	-	-
Registration Fees, Contributions, & Other	14,594	-	-	30
Investment Income	2,249	217	-	-
Contributed Rent	7,092	-	-	-
Total Revenues	<u>123,935</u>	<u>217</u>	<u>36,000</u>	<u>30,910</u>
EXPENSES				
<u>Education Programs</u>				
Salaries & Wages	150		7,353	30,368
Payroll Taxes & Benefits	1,047			1,000
Postage & Printing	736			
Contractual Fees	775			
Travel Expenses	(327)			80
Newsletter & Advertising				
Stipends/Awards-Teachers	5,626	649		-
Telephone & Fax				
Working Meals				2,559
Program Events and Workshops	(198)			1,114
Education Materials	1,640			1,530
Meetings & Conferences	525			3,000
Dues & Subscriptions				
Office Expense				68
Miscellaneous	524			39
Insurance				
Contributions				
Total Education Program	<u>10,498</u>	<u>649</u>	<u>7,353</u>	<u>39,758</u>
<u>Management and General</u>				
Salaries & Wages			20,208	2,693
Payroll Taxes & Benefits	2,299		2,814	
Rent	6,762			
Office Expense	3,210		359	48
Equipment Rental	2,430			
Travel Expenses	4,241			621
Depreciation	678			
Working Meals	5,689			128
Postage and Printing	1,232		220	295
Newsletter and Publishing	1,662			
Dues & Subscriptions	263			
Maintenance & Repairs				
Miscellaneous	40			
Accounting & Auditing	13,740		8,650	
Contractual fees	1,763		500	980
Insurance	1,820			
Telephone & Fax	2,710		40	14
Total Management & General	<u>48,539</u>	<u>-</u>	<u>32,791</u>	<u>4,779</u>
<u>Fundraising</u>				
Event Activity	50			
Total Fundraising	<u>50</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>59,087</u>	<u>649</u>	<u>40,144</u>	<u>44,537</u>
Revenues Over (Under) Expenses	<u>\$ 64,848</u>	<u>\$ (432)</u>	<u>\$ (4,144)</u>	<u>\$ (13,627)</u>

Lakeside Toyota	Tobacco Fund	LA Judicial Excellence	Total
\$ 4,000	\$ -	\$ -	\$ 70,880
-	20,000	-	120,000
-	-	-	14,624
-	-	-	2,466
-	-	-	7,092
<u>4,000</u>	<u>20,000</u>	<u>-</u>	<u>215,062</u>
			37,871
			2,047
			736
			775
	58	(93)	(282)
		(500)	5,775
			-
			2,559
		261	1,177
		2,585	5,755
243	921		4,689
			-
			68
	13		576
			-
<u>243</u>	<u>992</u>	<u>2,253</u>	<u>61,746</u>
		10,043	32,944
	9,059	1,536	15,708
	1,500		8,262
199	1,048	272	5,136
			2,430
315	2,008	313	7,498
			678
	257		6,074
	156		1,903
	515		2,177
			263
	310		310
	89		129
	1,877		24,267
575	1,674		5,492
			1,820
	515	14	3,293
<u>1,089</u>	<u>19,008</u>	<u>12,178</u>	<u>118,384</u>
1,926			1,976
<u>1,926</u>	<u>-</u>	<u>-</u>	<u>1,976</u>
3,258	20,000	14,431	182,106
<u>\$ 742</u>	<u>\$ -</u>	<u>\$ (14,431)</u>	<u>\$ 32,956</u>

THOMAS, WILSON, RAGUSA, UFFMAN & CO.
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the Louisiana Center for Law and Civic Education, Inc. (a non-profit organization) as of and for the year ended December 31, 2007, and have issued our report thereon dated June 24, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana Center for Law and Civic Education, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of the Louisiana Center for Law and Civic Education, Inc.'s internal control over financial reporting. According, we do not express an opinion on the effectiveness of the Louisiana Center for Law and Civic Education, Inc.'s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Louisiana Center for Law and Civic Education, Inc.'s ability to initiate, authorize, record, process, or report financial data reliability in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Louisiana Center for Law and Civic Education, Inc.'s financial statements that is more than inconsequential will not be prevented or detected by the Louisiana Center for Law and Civic Education Inc.'s internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting. (Finding 2007-1 and 2007-2).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Louisiana Center for Law and Civic Education, Inc.'s internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiencies described above to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Center for Law and Civic Education, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Louisiana Center for Law and Civic Education, Inc. in a separate letter dated June 24, 2009.

The Louisiana Center for Law and Civic Education, Inc.'s response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Louisiana Center for Law and Civic Education, Inc.'s responses, and, accordingly, we express no opinion on them.

This report is intended for the information of the board of directors and management, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Thomas, Wilson, Ragusa, Uffman & Co. CPAs

Certified Public Accountants
June 24, 2009

THOMAS, WILSON, RAGUSA, UFFMAN & CO.

LOUISIANA CENTER FOR LAW AND CIVIC EDUCATION, INC.
BATON ROUGE, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2007

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Louisiana Center for Law and Civic Education, Inc.
2. During the audit of the Louisiana Center for Law and Civic Education, Inc. we found a significant deficiency in internal control and we considered this significant deficiency to be material weakness.
3. No instances of noncompliance material to the financial statements of the Louisiana Center for Law and Civic Education, Inc. were disclosed during the audit.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

Significant Deficiencies – considered to be material weaknesses

2007-1: Finding – The Louisiana Center for Law and Civic Education, Inc. maintained a general ledger during the year, but lack of proper communication with the accounting firm preparing the general ledger caused there to be many instances where corrections were made to expense coding.

Management's Response: In 2007, the Louisiana Center for Law and Civic Education, Inc. experienced complete staff turnover. The change in executive directors caused some lack of transfer of knowledge. As of 2009 the accounting system has been changed to a different program that the current executive director has constant access to view. Management hopes that monthly reporting and weekly contact with the new accounting firm will result in better accounting records.

2007-2: Finding – The Louisiana Center for Law and Civic Education, Inc. did not submit the audit for 2007 within the timeline requested by the State of Louisiana.

Management's Response: In 2007, the Louisiana Center for Law and Civic Education, Inc. experienced complete staff turnover. The change in executive directors caused some lack of transfer of knowledge. The accounting records had to be reviewed and re-coded before the audit could be completed. We have implemented new accounting procedures to ensure a timely submission of our audit in future years.